

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action: Do pass as amended and be printed engrossed.
Vote: 8-0-1
Yeas: Berger, Bruun, Butler, Olson, Read, Rosenbaum, Witt, Barnhart
Nays:
Exc.: Gelser
Prepared By: Mary Ayala, Economist
Meeting Dates: 3/28

WHAT THE BILL DOES: Permits a county to reduce its certified expenditures for the fiscal year beginning July 1, 2006 and ending June 30th 2007, while allowing it to continue to receive funds from the County Assessment and Taxation Fund (CAFFA) based upon its prior year's share (%) if the following conditions are satisfied: (1) revenue in the prior year was supplemented by certain federal payments (PL 106-393) in an amount equal to at least 10% of the expenditures certified by the Department, (2) the reduction in county expenditures does not exceed 10% of the prior year's certified expenditures; and (3) the reduction in the county's expenditures does not result in a failure by the county to administer property taxes. Declares an emergency. Takes effect upon passage.

ISSUES DISCUSSED:

- The anticipated loss of federal forest revenues that will lower counties' ability to maintain current expenditure levels on property tax administration.
- A Federal legislative proposal that will phase out federal forest revenues to counties over a 5 year period if it becomes Law. However, it is unlikely that this proposal will become law before April 15th.
- The emergency that exists because the Department of Revenue must determine on April 15th the distribution of the CAFFA to all counties, based upon their estimates of certified expenditures for property tax administration for the ensuing year. HB 3532A proposes a change in the distribution formula.
- The distribution formula and its impact on different counties.

EFFECT OF COMMITTEE AMENDMENTS: Declares an emergency. Prevents a reduction in a county's CAFFA share due to the reasons cited in HB 3532 to the fiscal year beginning July 1, 2006 and ending June 30, 2007.

BACKGROUND: Under current law ORS 294.178 funds available in the County Assessment and Taxation Fund (CAFFA) are distributed to the counties. In order to make the distribution, the Department of Revenue determines whether each county has submitted estimates of its expenditures for the ensuing year that will adequately provide sufficient resources to administer property taxes. By June 15, the Department must issue an annual certification of approval or denial to each county with respect to its eligibility to receive a proportional share of the CAFFA. All shares are based upon the total expenditure estimates submitted by counties and approved by the Department for CAFFA funding.

3/29/2007 7:03:03 PM

This summary has not been adopted or officially endorsed by action of the committee.